

**FISCAL NOTE**  
**SB 1063 - HB 1565**

March 10, 2003

**SUMMARY OF BILL:** When a physician requires laboratory test results in 24 hours or less, no health insurer would be allowed to:

- Deny any licensed medical laboratory the right to participate as a provider on equal terms to any under other medical laboratory.
- Prevent any provider of medical services under a policy, contract or plan from selecting a licensed medical laboratory to furnish services offered under any contract, policy or plan.
- Permit or mandate any difference in coverage or impose any different conditions.

Any violation would be an unfair or deceptive practice in violation of the Tennessee Consumer Protection Act, and the aggrieved party could seek relief under those provisions, including a private right of action to recover damages. The act would not apply to health plans preempted from state regulation by Federal Law (ERISA) or to publicly funded health plans.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Exceeds \$100,000**

**Other Fiscal Impact - Increase Federal Expenditures - Exceeds \$200,000**

Assumes that allowing any medical laboratory to participate in the TennCare program would reduce the negotiating ability of TennCare to establish managed care networks. The reduction in negotiating leverage would lead to a resulting increase in laboratory costs. The amount of the increase cannot be determined but is estimated to exceed \$300,000. Although the bill exempts *publicly funded programs*, it is not clear that this exempts the TennCare program due to the contractual arrangements of TennCare.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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